

Hawaiian Telcom

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February 22, 2007

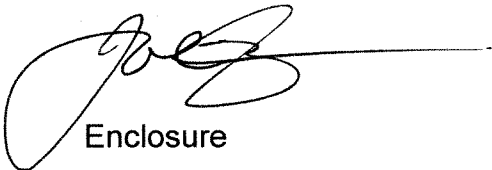
Public Utilities Commission  
of the State of Hawaii  
465 South King Street  
Honolulu, Hawaii 96813

Honorable Commissioners:

Docket No. 2006-0400 – Weekly Report for February 22, 2007

In accordance with the Order No. 22928, Docket No. 2006-0400, enclosed for filing is Hawaiian Telcom's February 22, 2007 weekly report which the Commission ordered.

Very truly yours,



Enclosure

- c: Division of Consumer Advocacy (w/enclosure)
- Mayhook Law, PLLC (w/enclosure)
- Morihara Lau & Fong LLP (w/enclosure)
- Office of the Judge Advocate General
- Department of the Army Litigation Center (w/enclosure)
- Pacific LightNet, Inc. (w/enclosure)
- Time Warner Telecom of Hawaii, L.P. dba Oceanic Communications (w/enclosure)
- Watanabe Ing & Komeiji, LLP (w/enclosure)

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PUBLIC UTILITIES  
COMMISSION

HAWAIIAN TELCOM  
Weekly Update Significant Activities  
February 22, 2007

**Back Office System Conversion**

A key element of recreating Hawaiian Telcom into an independent, locally-managed telecommunications company is the development of its own back office systems. Previously, its back office systems were primarily provided by Verizon Communications through systems and data centers located on the mainland. Work on building the Hawaii back office systems began well before May 2005 when Verizon Hawaii became Hawaiian Telcom. In April 2006, the cutover from the old back office systems to Hawaiian Telcom's newly developed systems began.

Information regarding new bill format and other changes can be found on the Hawaiian Telcom web site at [www.hawaiiantel.com](http://www.hawaiiantel.com)

**Telecommunications Network Functioning Well**

Of paramount importance with the cutover was minimizing any adverse impact to the operation of the Company's network which serves as the State of Hawaii's telecommunications backbone. Since the cutover, critical elements such as the E911 emergency services, operator services, directory assistance and the telecommunications network in general have continued to function well. For example, two common measures of network performance are called the *Percent Of Dial Tone Speed Within 3 Seconds* and *Percent Toll Trunks > P.0005 Grade of Service*. The *Percent of Dial Tone Speed* metric measures whether customers are able to pick up the receiver and dial within a preset time. The *Percent Toll Trunks* metric is a measure of whether calls are able to get through without being blocked because of heavy call traffic on toll (i.e., long distance) trunks. Both of the measures of how the telecommunications network is performing continue to reflect network performance at, or better than, levels prior to the cutover.

**Network Performance**

Network performance is doing well based on comparison to preset standards for performance.

**Customer Contact Centers**

The Company's customer contact centers experienced a significant increase in call volume when the system cutover began in early April. Initially, the high call volume was due to a combination of factors including service calls resulting from the extreme weather conditions that were occurring throughout the month of February and March (e.g., 40 days of heavy rain) and customers calling with questions about the conversion of their email and internet access from Verizon to Hawaiian Telcom (for example, changing email addresses from verizon.net to hawaiiantel.net).

This increase in volume occurred at the same time company representatives were becoming more familiar with the new Hawaiian Telcom customer-interfacing systems and adapting to performing certain processes on a manual basis until the systems cutover became fully functional. The combination of the longer call handling times on the converted systems and the higher call volumes resulted in the time customers may have been on hold being longer than normal.

**Contact Center Availability**

Historical call volumes to Hawaiian Telcom's contact centers vary considerably by day of the week and time of the day. The Company encourages customers to call during the days and times that are not as busy and that are convenient for them.

**Billing Statement Intervals "Compressed" Temporarily**

In mid-April, Hawaiian Telcom began issuing billing statements to its customers using its own billing system. After the Company detected a software error that impacted approximately 12,000 customers, Hawaiian Telcom immediately suspended the further issuance of billing statements. The subsequent commencement of the billing statements after the initial suspension resulted in "shorter-than-normal", or compressed, intervals between billing statements through the end of June and early July.

During the period that billing statements were issued with the compressed

intervals, some customers experienced bills that did not reflect payments that they may have made or contained other billing errors that were attributable to the compression of the billing statement intervals. The errors in the bills resulted in high volumes of customers calling into the contact centers with questions or seeking assistance with their bills.

Billing intervals for all customers returned to the typical 30-day interval which will significantly reduce the number of bills issued that do not timely reflect payments made.

**Customer Contact Center Accessibility Update**

The volume of calls to the Company's contact centers has lessened since the initial period following the system conversions although they remain higher than normal. The reduction in the call volumes, combined with actions taken internally by the Company to address the higher call volumes, have resulted in improvements in customers accessing representatives in Hawaiian Telcom's call centers.

Since the conversion, the Company has significantly increased the number of personnel fielding calls in the contact centers, made available more information on its web site, increased messaging on its interactive voice response system, modified call routing within the call centers and a number of other actions that have helped to address the higher call volumes and longer transaction times for customers calling into the contact centers.

Answer time statistics, which reflect the ability of customers to reach customer representatives, in the customer contact centers continue to improve. The Company's long distance and directory assistance contact centers continued to reflect extremely strong answer time measurements through the system conversions. The answer time statistics based on a stringent threshold of only 10 seconds for the long distance and directory assistance operators are shown below:

	Percent of Operator Toll Calls Answered in 10 seconds	Percent of Directory Assistance Calls Answered in 10 seconds
2005 Average	89.57	89.67
2006 Average	89.27	88.23
2007 Jan*	86.97	88.39
Feb**	89.58	90.18
Mar		
Apr		
May		
Jun		
Jul		
Aug		
Sep		
Oct		
Nov		
Dec		
YTD**	87.82	89.01
* Preliminary January and year-to-date results.		
** February month-to-date (through February 17 <sup>th</sup> ) results.		

Answer time statistics for the residential, business and repair contact centers continued to show general improvement in customers accessing the centers since the Company's systems cutover in 2006. For the week covered by this report (February 11<sup>th</sup> – February 17<sup>th</sup>), call answer statistics for the Repair, Business and Residential call centers improved significantly from the prior week with all three call centers reflecting results above the Commission objectives.

The percent of calls being answered by a contact center representative using a two-minute threshold is also shown below.

Historically, higher call volumes are experienced on the first Monday of a month and the day after a holiday. The higher call volumes that result from those days tend to negatively impact call answer statistics for the week in which they occur.

	Percent of Repair Calls Answered		Percent of Business Office Calls Answered		Percent of Residential Office Calls Answered	
	In 20 Seconds	In 2 Minutes	In 20 Seconds	In 2 Minutes	In 20 Seconds	In 2 Minutes
2005 Average	89.96		88.23		87.46	
2006 Average	56.28		55.64		35.87	
2007 Jan*	70.67		72.62		79.73	
Feb**	97.61	99.48	92.25	95.15	86.29	94.77
Mar						
Apr						
May						
Jun						
Jul						
Aug						
Sep						
Oct						
Nov						
Dec						
* Preliminary January 2007 results						
** Week of February 11 <sup>th</sup> – February 17 <sup>th</sup> results						

The "hold times" (time customer waits in the call queue) for the week were improved significantly for all three call centers (Repair, Business and Residential) when compared to the results from the prior week. The average hold times for the contact centers for the past week were: Repair – 4 seconds; Residential – 16 seconds; and Business – 12 seconds.

#### **Calling During Lower Call Volume Times**

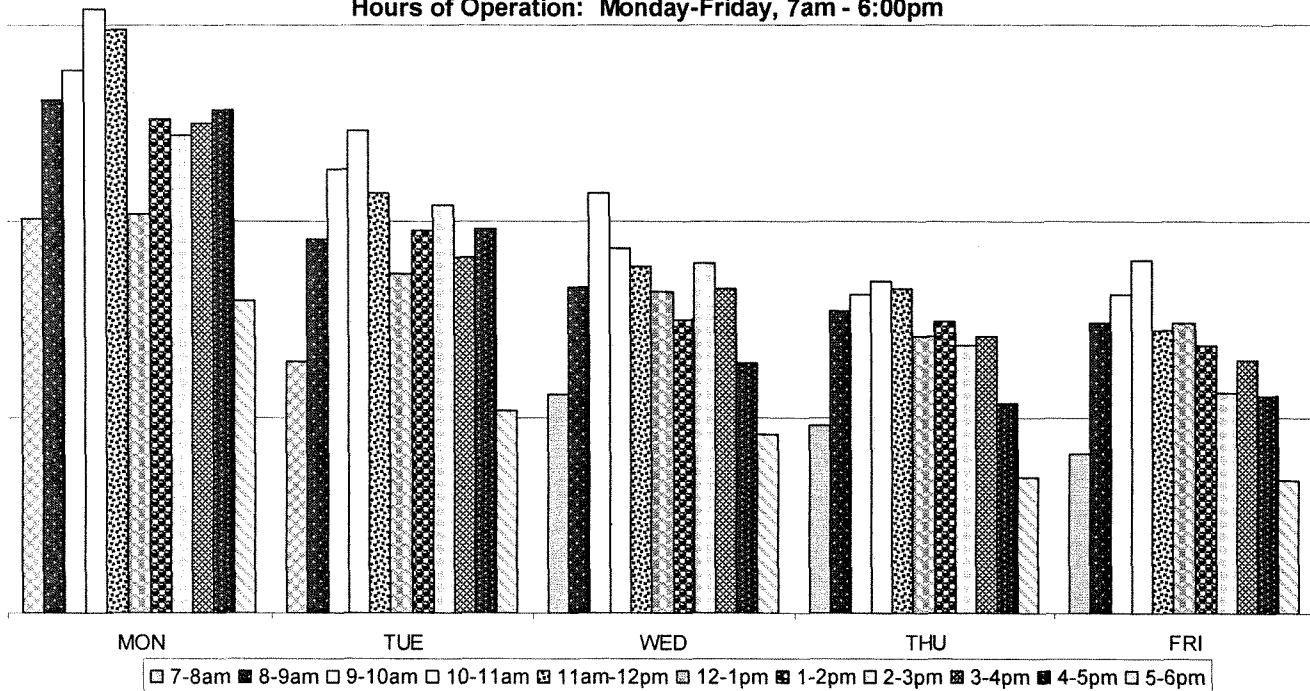
As with all call centers, a customer's call into a Hawaiian Telcom contact center could be impacted by the volume of calls to the center at the time of the call. Historically, the pattern of calls into the Company's call centers varies by the time of day and by the day of the week. Generally, a call by a customer during the days and times when call volumes are lower would result in shorter holding times to reach a company representative. Hawaiian Telcom encourages customers to call during the days and times that are not as busy and that are convenient for them.

Following are charts that display the historical call volume patterns for the residential and business contact centers that callers can consider when contacting Hawaiian Telcom. The Company's repair contact center accepts calls on a 24/7 basis and customers to that call center are encouraged to call as needed.

## CONSUMER SALES & SERVICE CENTER (Residential Customers)

Phone Numbers: 643-3456; 643-3343

Hours of Operation: Monday-Friday, 7am - 6:00pm



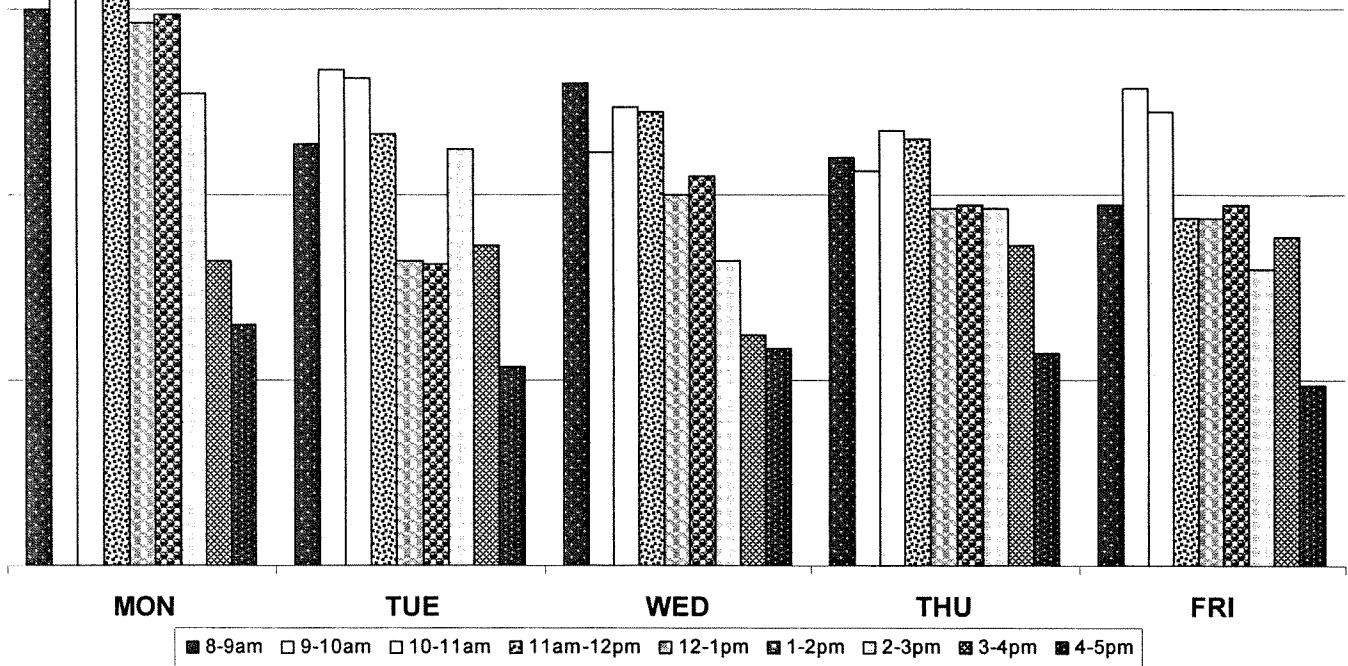
The above chart displays typical call volumes to the contact center by time-of-day and day-of-week. In addition, the center experiences higher than normal call volumes on the first Monday of a month or the first business day after a holiday. The Consumer Sales & Service Center handles calls from residential customers.

## BUSINESS SOLUTIONS CENTER

### General (Small and Medium) Business Customers

Phone Number: 643-4411

Hours of Operation: Monday-Friday, 8am - 5pm



The above chart displays typical call volumes to the contact center by time-of-day and day-of-week. In addition, the center experiences higher than normal call volumes on the first Monday of a month or the first business day after a holiday.

The Business Solutions Center handles calls from general business customers. Large business customers should contact their respective Hawaiian Telcom account manager.